

Report from the With-Profits Actuary to the with-profits policyholders of Scottish Friendly Assurance Society Limited

The management of with-profits business requires discretion to be exercised, for example by deciding on the bonus rates to apply in determining policy pay-outs.

As With-Profits Actuary to Scottish Friendly Assurance Society Limited (“Scottish Friendly”), I advise the firm on key aspects of how this discretion is exercised. I am also required to report to the with-profits policyholders every year on whether, in my opinion, Scottish Friendly’s annual report to the with-profits policyholders and the discretion exercised by it over the same period take into account in a reasonable and proportionate manner the interests of with-profits policyholders.

I have carried out a review for calendar year 2022 of Scottish Friendly’s exercise of discretion and its compliance with the requirements of its Principles and Practices of Financial Management (“PPFM”) for the SF Main Fund and for each of the notional sub-funds. The PPFMs are the key documents setting out how Scottish Friendly manages its with-profits business.

Based on my review, it is my opinion that:

- Scottish Friendly’s annual report to its with-profits policyholders for 2022, and its exercise of discretion during the year, take into account in a reasonable and proportionate manner the interests of the with-profits policyholders in the SF Main Fund and each of the notional sub-funds,
- Scottish Friendly has complied materially with the requirements of its PPFM for the SF Main Fund and each of the notional sub-funds, and
- Scottish Friendly has paid due regard to the information needs of its members.

My opinion is based on the information and explanations provided to me by Scottish Friendly, on which I have relied, and takes account of Scottish Friendly’s annual report to its with-profits policyholders for 2022 (to which this report will also be appended), Scottish Friendly’s PPFMs (which are available on the firm’s website), and the relevant rules and guidance issued by the Financial Conduct Authority, the Financial Reporting Council, and the Institute and Faculty of Actuaries.

Stephen Makin FFA CERA
With-Profits Actuary, Scottish Friendly
June 2023

For and on behalf of Hymans Robertson LLP